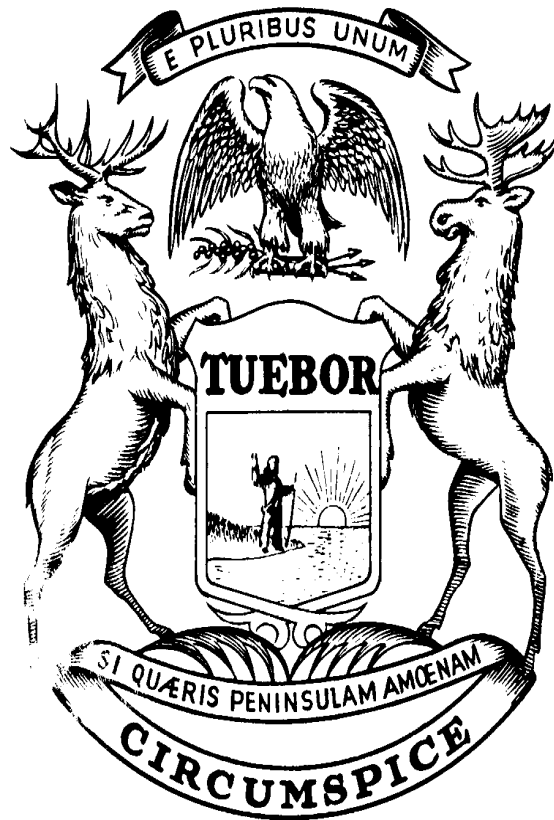


**MICHIGAN CAMPAIGN FINANCE  
MANUAL  
FOR INDEPENDENT COMMITTEES  
AND POLITICAL COMMITTEES  
(PACs)**



## QUESTIONS?

If you have questions regarding the disclosure requirements provided under Michigan's Campaign Finance Act, P.A. 388 of 1976, as amended, please contact the

Michigan Department of State  
Bureau of Elections  
P.O. Box 20126  
Lansing, Michigan 48901-0726  
Phone: (517) 373-2540

Or visit our office at:  
4th Floor Mutual Building  
208 North Capitol Avenue  
Lansing, Michigan 48933

Political and Independent Committees registered at the county level may also contact the local county clerk for assistance.

For other Election and Campaign Finance information:

Internet Address: **[www.michigan.gov/sos](http://www.michigan.gov/sos)**

## TABLE OF CONTENTS

<b>Introduction</b> .....	<b>5</b>
Persons covered by the Michigan Campaign Finance Act.	
<b>The Statement of Organization</b> .....	<b>6</b>
Forming and registering a committee. The committee treasurer. Designating a committee record keeper. The committee depository. Types of committees.	
<b>Disclosure Requirements</b> .....	<b>11</b>
Campaign Statements coverage dates. The Reporting Waiver. Late Contribution Report. Special Election Independent Expenditure Report. 24 Hr Report. Triannual Campaign Statement. Local PACs.	
<b>Filing Information</b> .....	<b>18</b>
Where to file. Number of Campaign Statement copies required. Ensuring timely filings. Requirements for acceptable filings.	
<b>Late Filing Fees</b> .....	<b>20</b>
Late filing fees charts.. Waiver of Late Filing Fees. Late filing fee hearings.	
<b>Contributions and Other Receipts</b> .....	<b>26</b>
Definition. Recording contributions and other receipts. Treasurer's responsibility. When a written instrument is required. Contribution limits. Membership dues. Contributions from partnerships and limited liability companies. Prohibited contributions. Returning contributions. In-kind contributions. Out-of-state contributions. Fund raisers. Joint fund raisers. Loans to a committee. Contribution exemptions.	
<b>Expenditures</b> .....	<b>35</b>
Definition. Recording expenditures. Treasurer's responsibility. When a written instrument is required. Prohibited expenditures. Petty cash. In-kind expenditures. Independent expenditures. Limitations on expenditures to candidates. Loans by committees. Designation of contribution to previous election cycle. Delivery of a contribution to another committee by a third party. Use of independent contractors.	
<b>Corporations, Joint Stock Companies, Labor Organizations and Domestic Dependent Sovereigns (Indian Tribes)</b> .....	<b>42</b>
Separate segregated funds. Corporate solicitations Solicitations by labor organization with member unions. Solicitations by labor organization with individual members. Administration and solicitation expenses. Sponsoring organization activity. Affiliated committees.	

<b>Michigan Election Participation by Out-of-State Groups.....</b>	<b>47</b>
Receipt of out-of-state contributions. Out-of-state groups covered by Campaign Finance Act. Out-of-state committee treasurer and depository. Stipulation. Accounting for Michigan contributions.	
<b>Identification Requirements .....</b>	<b>51</b>
Identification & disclaimer Requirements. Exemption for independent individual. Exempt items.	
<b>Public Bodies.....</b>	<b>54</b>
<b>Declaratory Rulings and Interpretive Statements.....</b>	<b>56</b>
<b>Complaint Process.....</b>	<b>58</b>
<b>Dissolving a Committee.....</b>	<b>60</b>
<b>Reference Telephone Numbers for Committees.....</b>	<b>61</b>
Federal Employer Tax ID#. Federal Withholding. Form 1120 POL Tax Return. Independent Contractor Status. State Sales, Use & Withholding taxes. Form C-5603a - Concessionaire return. Corporate Status of contributor. Lottery Bureau	

## INTRODUCTION

Michigan's Campaign Finance Act, P.A. 388 of 1976, covers a “person” operating within Michigan or out-of-state as soon as it receives or spends \$500.00 or more in a calendar year to influence voters for or against the nomination or election of one or more candidates in Michigan or the qualification, passage or defeat of one or more ballot questions in Michigan.

The term “person” is used to mean a business, individual, proprietorship, firm, partnership, joint venture, syndicate, business trust, labor organization, company, corporation, association, committee, or any other organization or group of persons acting jointly. As soon as a person reaches the \$500.00 threshold, it has 10 calendar days to form and register a “committee” under the Act. A person that is covered by the Act registers a committee by filing a Statement of Organization form with the appropriate filing official.

A corporation, joint stock company, labor organization or domestic dependent sovereign (recognized Indian tribe) must establish a “separate segregated fund” and register it as a “committee” in order to receive or spend **any** money to influence voters for or against the nomination or election of a candidate in Michigan.

Persons that support or oppose candidates running for federal office are subject to federal campaign finance disclosure laws. Information on the federal campaign disclosure laws can be obtained from the Federal Election Commission, 999 E Street NW, Washington, D.C. 20463. Toll free line: (800) 424-9530. Website: [www.fec.gov](http://www.fec.gov)

## STATEMENT OF ORGANIZATION

As soon as a “person” reaches the \$500.00 threshold in receipts or expenditures in a calendar year to influence voters for or against the nomination or election of one or more candidates in Michigan or the qualification, passage or defeat of one or more ballot questions in Michigan, it has 10 calendar days to form and register a "committee" under the Act. A “person” that is covered by the Act registers a committee by filing a Statement of Organization form with the appropriate filing official. Therefore, the Statement of Organization is the first form required to be filed by a Political Committee or an Independent Committee. **Both committee types are commonly called “PACs” or Political Action Committees.**

If the districts represented by all of the candidates supported or opposed by the committee are fully contained within the same county, the committee files the Statement of Organization and all other Campaign Finance documents with the clerk of that county. If the districts represented by the candidates supported or opposed by the committee are not fully contained within the same county, the committee files with the Michigan Department of State, Bureau of Elections, Post Office Box 20126, Lansing, Michigan 48901. Office location: Mutual Building, 4th Floor, 208 North Capital, Lansing, Michigan 48933. Phone: 517/373-2540. Late filing fees may be assessed for Statements of Organization that are filed late. Please refer to the chapter on Late Filing Fees.

The information contained on the Statement of Organization must be kept up-to-date. If a change in the information takes place, an amendment to the form must be filed no later than the due date of the first Campaign Statement required of the committee after the change. An amendment must be signed by the treasurer serving at the time of the change.

An Independent Committee or Political Committee is required to include in the name of the committee the name of the person or persons that sponsor the committee, if any, or with whom the committee is affiliated. A person, other than an individual or a committee, sponsors or is affiliated with an Independent Committee or Political Committee if that person establishes, directs, controls, or financially supports the administration of the committee. A person does not financially support the administration of a committee by merely making a contribution to the committee.

### The Committee Treasurer

The treasurer must be a qualified elector of Michigan if the committee conducts business through an office or facility located in Michigan. The treasurer does not have to be a Michigan resident if

the committee does not conduct business through an office or facility located in Michigan. A committee that wishes to have a treasurer who is not a Michigan resident is required to file an "irrevocable written stipulation" with its Statement of Organization appointing the Secretary of State as its agent for accepting legal process.

The treasurer assumes legal responsibility for the committee.

The treasurer is responsible for keeping the committee's accounts, records, bills and receipts and must authorize all contributions received and expenditures made by the committee. Certain of these responsibilities may be delegated as explained below under "Designating a Committee Recordkeeper."

### Designating a Committee Recordkeeper

A committee may designate someone other than the committee treasurer as the person responsible for the committee's records and filings. An entry for this designation appears on the Statement of Organization form. A person, other than the treasurer, who is designated as responsible for a committee's records and filings is commonly called the committee's "designated record keeper."

- Any person can serve as a committee's designated record keeper.
- A designated record keeper shares legal responsibility for the committee with the treasurer.
- A designated record keeper may sign the committee's Campaign Statements instead of the treasurer. A designated record keeper does **not** have the authority to sign the committee's Statement of Organization or any Statement of Organization amendments filed by the committee.

### The Committee Depository

The committee's depository must be a bank, savings and loan association or credit union located in Michigan if the committee conducts business through an office or facility located in Michigan. The committee depository does not have to be located in Michigan if the committee does not conduct business through an office or facility located in Michigan. All contributions received by the committee must be deposited in the committee's account. Committee funds can be transferred from the official account to an account in any bank, savings and loan association or credit union in Michigan in order to earn interest. All funds placed in a savings account or certificate of deposit must be transferred back into the official account before being spent. Committee funds may **not** be used to purchase commodities, shares of stock, bonds, mutual funds or land contracts and may **not** be placed in money market accounts.

## **TYPES OF COMMITTEES**

### **POLITICAL COMMITTEE**

- Formed to support or oppose one or more candidates.
- May also support or oppose ballot questions.
- Must not receive corporate funds or funds from the treasury funds of labor organizations or domestic dependent sovereigns (Indian tribes).
- Must observe the same contribution limits as an individual when making contributions to, or expenditures in support of, or in opposition to, the nomination or election of a candidate.
- Formed to support or oppose a recall of an elected public official. Two or more individuals acting together that receive or spend \$500.00 or more in a calendar year to influence voters for or against the recall of a public official must register as a Political Committee.

### **INDEPENDENT COMMITTEE**

- Formed to support or oppose three or more candidates.
- May also support or oppose ballot questions.
- Must not receive corporate funds or funds from the treasury funds of labor organizations or domestic dependent sovereigns.
- An Independent Committee that meets the following three criteria may give a candidate for elective office ten times the amount a Political Committee or an individual is permitted to give the candidate:
  1. registers as an Independent Committee at least six months before the election for which it expects to make expenditures at the maximum contribution limits in support of, or in opposition to, a candidate for nomination or election to an elective office;
  2. receives contributions from at least 25 persons; and
  3. in the same calendar year that the 25 contributions are received, expends funds to support or oppose three candidates for elective office. These three expenditures must not exceed the contribution limit applicable to an individual or a Political Committee.



An Independent Committee must adhere to contribution limits applicable to a Political Committee until the committee meets all of the criteria detailed above.

**Please note: A committee that changes from a Political Committee to an Independent Committee must meet all criteria for an Independent Committee after filing the Amended Statement of Organization.**

Corporations, labor organizations and Indian tribes that wish to make contributions in candidate elections in Michigan may make expenditures for the establishment, administration and solicitation of contributions to a separate segregated fund to be used for political purposes. When the separate segregated fund has received a total of \$500.00 in a calendar year or made expenditures of \$500.00 or more in a calendar year to influence the action of voters for or against the nomination or election of a state or local candidate in Michigan, or the qualification, passage or defeat of a ballot question in Michigan, the fund has met the definition of “committee”. The “committee” must then be registered as a Political or Independent Committee by filing a Statement of Organization within 10 calendar days after reaching the \$500.00 threshold.

### CAUCUS COMMITTEE

A House political party caucus committee is an Independent Committee established by a political party caucus of the Michigan House of Representatives. A Senate political party caucus committee is an Independent Committee established by a political party caucus of the Michigan Senate. As of the writing of this manual, there are four caucus committees. Each major political party in the legislature may have one caucus committee in the Michigan House of Representatives and one caucus committee in the Michigan Senate.

**Note:** Independent Committees and Political Committees are both commonly referred to as PACs or Political Action Committees. Other names and labels are often applied to this type of committee, although the terms are not found in the Campaign Finance Act; e.g. Leadership PAC, Legislative PAC, Leadership Fund, Victory Fund, Majority Fund, Minority Fund, etc. All are either Political Committees or Independent Committees and must follow all the requirements of the Campaign Finance Act that are applicable to other Independent or Political Committees.

### CANDIDATE COMMITTEE

A Candidate Committee is the committee designated in a candidate's filed Statement of Organization as that individual's Candidate Committee. A Candidate Committee is under the direction and control of the candidate. All money received or spent by a Candidate Committee is to be spent to further the nomination or election of that candidate or to pay expenses incidental to

the elective office if the candidate is the incumbent officeholder.

#### POLITICAL PARTY COMMITTEE

A Political Party Committee is a committee formed by a state central, congressional district, or county committee of a political party. Each state central committee designates one official county political party committee in each county, and one official congressional district political party committee in each congressional district. All Political Party Committees file with the Bureau of Elections.

#### BALLOT QUESTION COMMITTEE

A Ballot Question Committee is a committee that receives contributions and makes expenditures in support of, or in opposition to, the qualification, passage, or defeat of a ballot issue. A Ballot Question Committee is prohibited from making contributions or expenditures to influence the nomination or election of a candidate. A Ballot Question Committee may accept contributions from the treasury funds of a corporation, a labor organization and a domestic dependent sovereign.

## **DISCLOSURE REQUIREMENTS**

### **CAMPAIGN STATEMENTS ARE REQUIRED OF ALL INDEPENDENT COMMITTEES AND POLITICAL COMMITTEES THAT DO NOT HAVE A REPORTING WAIVER**

A committee discloses its Campaign Finance activity on Campaign Statements. A Campaign Statement consists of a Cover Page, Summary Page, and a series of Schedules that itemize the committee's receipts, expenditures and debts. A special purpose Schedule summarizes fund raisers held by the committee. Campaign Statement forms and instructions can be obtained from the Department of State's Bureau of Elections in Lansing or from any county clerk.

#### Campaign Statement Coverage Dates

Campaign Statements have specific coverage periods. The first Campaign Statement filed by a committee "opens" on the day the committee formed and extends through the "closing date" of the Statement that is due. Subsequent Campaign Statements "open" on the day after the last day covered by the previous Campaign Statement filed by the committee and extend through the "closing date" of the Statement that is due.

#### The Reporting Waiver

An Independent Committee, a Political Committee or a Caucus Committee that does not expect to receive or spend more than \$1,000.00 in a calendar year is eligible for a Reporting Waiver.

- X An Independent Committee or a Political Committee registered on the state level that qualifies for a Reporting Waiver must request the waiver by checking Item 10 on its Statement of Organization. After the waiver has been granted by the Secretary of State, the committee is exempt from filing Triannual Campaign Statements. The committee must still file Late Contribution Reports when required.
- X An Independent Committee or a Political Committee registered on the county level that qualifies for a Reporting Waiver must request the waiver by checking Item 10 on its Statement of Organization. The committee is then exempt from filing Pre-Election, Post-Election and Annual Campaign Statements unless it exceeds \$1,000.00 in receipts, debt or

expenditures in a calendar year. The committee must still file Late Contribution Reports when required.

- X A Caucus Committee that qualifies for a Reporting Waiver must request the waiver by checking Item 10 on its Statement of Organization. The committee is then exempt from filing Quarterly Campaign Statements unless it exceeds \$1,000.00 in receipts or expenditures or debt. A Caucus Committee with a Reporting Waiver must still file Late Contribution Reports if it receives a single contribution of \$200.00 or more from the 14th day through the 3rd day before the date of any election in which the committee participates, and 24-Hour Reports if it receives a contribution or makes an expenditure of more than \$1,000.00 per day during the 14 days preceding an election.
- X A committee can check Item 10 on its original Statement of Organization or on an amended Statement of Organization. A committee that does not check Item 10 on its Statement of Organization is not eligible for a Reporting Waiver. This means that the committee must file all Campaign Statements required of the committee regardless of whether they spend or receive any money.
- X A committee with a Reporting Waiver does not have to notify its filing official if it expects to exceed the \$1,000.00 limit. When the committee spends or receives more than \$1,000.00 or incurs debt over \$1,000.00, the Reporting Waiver is automatically lost and the committee is required to file the next Campaign Statement due after the loss. This Campaign Statement must open on January 1 of the year in which the Reporting Waiver is lost or one day after the closing date of the last Campaign Statement filed, whichever is later.
- X The filing official will record that the committee no longer has a Reporting Waiver when the committee files a Campaign Statement that shows that the committee received or spent more than \$1,000.00 in a calendar year. A committee that loses a Reporting Waiver loses it for the remainder of that calendar year. If, after filing the required Campaign Statement(s) the committee wishes to obtain another Reporting Waiver, it must check Item 10 on an amended Statement of Organization to indicate to the filing official that the committee does not expect to receive or spend more than \$1,000.00 in the next calendar year. As noted, the committee must file all remaining Campaign Statements required during the year in which the Reporting Waiver is lost.
- X To regain a Reporting Waiver, the committee must have less than \$1,000.01 in its account and less than \$1,000.01 in debts. Please note that a late filing fee assessment is not to be included in the amount which determines if a committee qualifies for a Reporting Waiver.

However, a late filing fee assessed a committee is a debt owed by the committee until paid.

- X If a committee that loses its Reporting Waiver does not amend its Statement of Organization to obtain a new Reporting Waiver, the committee must file Campaign Statements as required *regardless of the amount received or spent during the calendar year. If a request for a Reporting Waiver is not received on or before the filing deadline of a required Campaign Statement, that Campaign Statement cannot be waived.*

### Late Contribution Reports

Independent and Political Committees registered at the state or local level must report all "late contributions." A late contribution is any **single** contribution of \$200.00 or more received by the committee's treasurer or an agent of the committee between the 15th and 3rd day before the date of any "election" in which the committee participates.

The term "election" is used to mean a primary, general, special, recall, or millage election held in Michigan or a convention or caucus held by a political party in Michigan to nominate candidates. A committee is considered to be a participant in an election if it makes a direct or in-kind contribution, or an independent expenditure, to support or oppose a candidate involved in the election or a ballot question that appears on the election ballot.

A Late Contribution Report must be received by the committee's filing official within 48 hours after the committee's receipt of the contribution. A contribution is *received by a committee* on the date that the monetary funds, written instrument, or in-kind contribution of goods from the contributor have come into the *physical possession of the committee treasurer, designated record keeper or other person acting as an agent of the committee*. The receipt date is not the date the check, or other written instrument was written or the date the contribution was deposited into the committee bank account.

For purposes of reporting a late contribution of an in-kind contribution of services, the in-kind contribution is considered to be *received by the committee on the date the committee treasurer, designated record keeper or other person acting as an agent of the committee receives verbal or written notice from the contributor that the contribution has, in fact, been made.*

A Late Contribution Report must contain the date and amount of the contribution along with the contributor's name, street address, occupation, employer and principal place of business. The report is not made on Campaign Statement forms and may be made in a telegram or by any other means of written communication, including fax. The fax number for the Bureau of Elections is (517) 373-0941. A Late Contribution Report need not contain an original signature. In addition to this report, a late contribution must be disclosed on the next Campaign Statement filed by the committee.

**A committee that has a Reporting Waiver is not exempt from filing Late Contribution Reports.**

Please refer to the chapter on Late Filing Fees for applicable fees on Late Contribution Reports.

Special Election Independent Expenditure Report

An Independent or Political Committee registered on the *state level* is required to file a Special Election Independent Expenditure Report if the committee makes an independent expenditure to support or oppose a candidate or ballot question within 45 calendar days before a *Special Election* in which the candidate or ballot question is involved.

The report must be filed with the Department of State's Bureau of Elections within 48 hours after the independent expenditure is made. The report is waived if the committee makes the independent expenditure before the closing date of a Campaign Statement that is due before the date of the Special Election and the independent expenditure is included in that Campaign Statement.

A Special Election Independent Expenditure Report is made by attaching an Itemized Independent Expenditures Schedule (2B-1) to a Campaign Statement Cover Page, entering the appropriate information and submitting the forms within the 48 hour period explained above. The Cover Page must list the committee's name and identification number and be signed by the committee's treasurer or designated record keeper. The Itemized Independent Expenditures Schedule must list the date and the amount of the independent expenditure; the name of the candidate and the office he or she seeks, or the name of the ballot question; the name and address of the person to whom the independent expenditure was paid; and a description of the independent expenditure which specifies whether the independent expenditure was made to support or oppose the candidate or ballot question involved. An independent expenditure which is reported in the above manner must be also be included on the committee's next required Campaign Statement.

A committee that has a Reporting Waiver is *not* exempt from filing the Special Election Independent Expenditure Report when applicable. Special Election Independent Expenditure Reports are not required of Independent and Political Committees registered on the county level. Refer to the chapter on Late Filing Fees for applicable fees.

24 - Hour Report

A Caucus committee is required to file daily reports (24-Hour Report) from the 14th day preceding a primary, general or special election to the day after the primary, general or special election, if the committee receives a contribution or makes an expenditure of more than

\$1,000.00 per day. The report is similar to a “Late Contribution Report” except that it will include only those receipts or expenditures that exceed \$1,000.00.

A 24-Hour Report is due no later than 4:00 p.m. on the first business day following the date the contribution in excess of \$1,000.00 is received or the expenditure in excess of \$1,000.00 is made.

The 24-Hour Report closes on the day the contribution is received or the expenditure is made. Refer to the chapter on Late Filing Fees for applicable fees.

### **CAMPAIGN STATEMENTS REQUIRED OF INDEPENDENT COMMITTEES AND POLITICAL COMMITTEES REGISTERED ON THE STATE LEVEL**

Independent and Political Committees registered on the state level (other than Caucus Committees) that do not maintain a Reporting Waiver are required to file Campaign Statements three times a year according to the schedule detailed below:

- In even-numbered years, Campaign Statements are required on April 25 (closes April 20), July 25 (closes July 20) and October 25 (closes October 20). The Campaign Statements are required even if the committee does not have any receipts or expenditures to disclose for the period covered by the Statement.
- In odd-numbered years, Campaign Statements are required on January 31 (closes December 31), July 25 (closes July 20) and October 25 (closes October 20). The Campaign Statements are required even if the committee does not have any receipts or expenditures to disclose for the period covered by the Statement.

For convenience, the Campaign Statements referenced above are commonly called “Triannual Campaign Statements.”

Independent and Political Committees registered on the state level also file Late Contribution Reports and Special Election Independent Expenditure Reports when applicable.

### **CAMPAIGN STATEMENTS REQUIRED OF CAUCUS COMMITTEES**

Caucus committees are required to file Campaign Statements four times each year as follows:

- January 31                      closing date December 31
- April 25                        closing date April 20
- July 25                         closing date July 20
- October 25 closing date October 20

For convenience, the Campaign Statements referenced above are commonly called “Quarterly

## Campaign Statements.”

Caucus committees also file Late Contribution Reports, Special Election Independent Expenditure Reports and 24-Hour Reports, when applicable. Please refer to the chapter on Late Filing Fees for applicable fees.

### **CAMPAIGN STATEMENTS REQUIRED OF INDEPENDENT COMMITTEES AND POLITICAL COMMITTEES REGISTERED ON THE COUNTY LEVEL**

Independent and Political Committees registered on the county level that do not maintain a Reporting Waiver are required to file Campaign Statements according to the schedule detailed below and on the following page.

- A Pre-Election Campaign Statement is required 11 days before any "election" in which the committee participates (closes 16 days before the election). Independent and Political Committees registered on the county level are not required to file a Pre-Election Campaign Statement if all of the expenditures made by the committee which relate to the election involved have been reported in a previous Campaign Statement.
- A Post-Election Campaign Statement is required 30 days after any "election" in which the committee participates (closes 20 days after the election). Independent and Political Committees registered on the county level are not required to file a Post-Election Campaign Statement if all of the expenditures made by the committee which relate to the election involved have been reported in a previous Campaign Statement.
- An Annual Campaign Statement is required each year on January 31 (closes on December 31). The Annual Campaign Statement is required even if the committee does not have any receipts or expenditures to disclose for the period covered by the Statement. The Annual Campaign Statement is waived if the committee files a Post-General Campaign Statement during the month of December.

The term “election” is used to mean a primary, general, special, recall, or millage election held in Michigan or a convention or caucus held by a political party in Michigan to nominate candidates. A committee is considered to be a participant in an election if it makes a contribution or an independent expenditure to support or oppose a candidate involved in the election or a ballot question on the election ballot.

### **EXAMPLE**



During the Pre-General Campaign Statement reporting period, the ABC PAC makes an expenditure to support a candidate participating in a city General Election and a second expenditure to support a candidate participating in a Special Election scheduled after the General Election. These are the only expenditures the committee makes during the year. As a result of this activity, the committee is required to file the Pre-General Campaign Statement. The next Campaign Statement required of the committee is the Annual Campaign Statement. The Post-General, Pre-Special and Post-Special Campaign Statements are not required as they would not show any expenditures relating to the elections involved.

### **EXAMPLE**

During the Pre-General Campaign Statement reporting period, the XYZ PAC makes an expenditure to support a candidate participating in a city General Election. After the closing date for the Pre-General Campaign Statement, the committee makes an expenditure to support a candidate participating in a Special Election scheduled after the General Election. These are the only expenditures the committee makes during the year. As a result of this activity, the committee is required to file the Pre-General and the Pre-Special Campaign Statements. The next Campaign Statement required of the committee is the Annual Campaign Statement. The Post-General and Post-Special Campaign Statements are not required as they would not show any expenditures relating to the elections involved.

### **EXAMPLE**

On December 22, prior to the close of the Annual Campaign Statement on December 31, the BOOST PAC makes an expenditure to support a candidate participating in a village Primary Election that is scheduled to be held in January of the following year. This is the only expenditure the committee makes with respect to the village Primary. The committee files the Annual Campaign Statement, reporting the expenditure. The committee is not required to file the Pre-Primary or Post-Primary Campaign Statements as they would not show any expenditures relating to the village Primary

## FILING INFORMATION

### WHERE TO FILE?

Independent and Political Committees must file Statements of Organization and all required Statements and reports with the appropriate filing official as listed below:

Committee Type	Supporting or Opposing	Filing Official
<b>Independent Committee or Political Committee</b>	Candidate's district within one county	Clerk of that county
<b>Independent Committee or Political Committee</b>	Candidate's district in more than one county	Michigan Department of State

\*Submit filings which must be made with the Michigan Department of State to the **Bureau of Elections, P.O. Box 20126, Lansing, Michigan 48901. Office location: Mutual Building, 4th Floor, 208 North Capitol Avenue, Lansing, Michigan 48933.** Phone: 517/373-2540. If the only "multi-county" candidate supported by the committee is a school board candidate, the committee files with the clerk of the county where the greatest number of voters eligible to vote on the office reside.

#### Number of Campaign Statement Copies Required

An Independent or Political Committee that files with the Department of State's Bureau of Elections must file two (2) copies of each required Campaign Statement (one original and one photocopy). An Independent or Political Committee that files on the county level should contact the county clerk for information on the number of Campaign Statements to file.

#### Ensuring Timely Filings

Filings that are hand delivered or sent by first class mail must reach the filing official before 5:00 p.m. on the due date. Committees must be sure to allow adequate mailing time if sending a filing by first class mail.

- A Pre-Election Campaign Statement, a July 25 Triannual Campaign Statement, a July 25 Quarterly Caucus Committee Campaign Statement, an October 25 Triannual Campaign

Statement or an October 25 Quarterly Caucus Committee Campaign Statement that is mailed by *registered mail, certified mail or an overnight delivery service* **and** postmarked two or more calendar days before the filing deadline is viewed as a timely filing regardless of when it arrives.

- Any other type of filing required of an Independent or Political Committee is viewed as a timely filing regardless of its arrival date if it is mailed by *registered mail, certified mail or an overnight delivery service* **and** postmarked on or before the filing deadline.

#### Requirements For Acceptable Filings

A Campaign Statement may not be accepted if it is illegible, does not bear the appropriate signature(s) or is printed on paper that is not the proper size.

- Campaign Statements may be filed electronically using software provided or approved by the Secretary of State. Campaign Statements that are filed on paper must be typed or filled out in ink.
- Electronic filings must meet all specifications of the Department of State and must be filed in compliance with instructions provided by the department. Please contact the Department's Bureau of Elections for specifications and software format for electronic filings.
- Campaign Statements must be complete and accurate, and verified as such by the committee treasurer or designated record keeper.
- Campaign Statements must be signed by the committee treasurer. A designated record keeper may sign a Campaign Statement in place of the treasurer. If the committee is filing electronically, the committee must file an Electronic Filing Signature Form with the Bureau of Elections prior to filing of the Campaign Statements.
- Campaign Statements filed on paper must be on forms provided by the Department of State or on forms previously approved by the Department. Please contact the Department's Bureau of Elections for specifications and approval of substitute forms before using them for a filing.

<b>LATE FILING FEES</b>
-------------------------

*ALL COMMITTEES  
STATEMENT OF ORGANIZATION  
(Section 24(1))*

The late filing fee for a late-filed original Statement of Organization is \$10.00 per business day not to exceed \$300.00.

DAY 1	\$10.00
DAY 2	\$20.00
DAY 3	\$30.00
DAY 4	\$40.00
DAY 5	\$50.00
DAY 6	\$60.00
DAY 7	\$70.00
DAY 8	\$80.00
DAY 9	\$90.00
DAY 10	\$100.00
DAY 11	\$110.00
DAY 12	\$120.00
DAY 13	\$130.00
DAY 14	\$140.00
DAY 15	\$150.00
DAY 16	\$160.00
DAY 17	\$170.00
DAY 18	\$180.00
DAY 19	\$190.00
DAY 20	\$200.00
DAY 21	\$210.00
DAY 22	\$220.00
DAY 23	\$230.00
DAY 24	\$240.00
DAY 25	\$250.00
DAY 26	\$260.00
DAY 27	\$270.00
DAY 28	\$280.00
DAY 29	\$290.00
DAY 30	\$300.00

*LATE FILING FEES FOR LATE CONTRIBUTION REPORTS (All committees)*  
(Section 32(4))

A committee, treasurer or designated record keeper who fails to report a late contribution as required by Section 32(1) shall pay a late filing fee that shall not exceed \$2,000.00, determined as follows:

- (a) \$25.00 for each business day the report remains unfiled.
- (b) An additional \$25.00 for each business day after the first 3 business days the report remains unfiled.
- (c) An additional \$50.00 for each business day after the first 10 business days the report remains unfiled.

The filing official must assess a **\$25.00** late filing fee **for the first 3 business days** that a statement remains unfiled; a **\$50.00** (\$25.00 + \$25.00) late filing fee **for the 4th through the 10th business days** that the statement remains unfiled; and a **\$100.00** (\$25.00 + \$25.00 + \$50.00) late filing fee **for the 11th through 26th business days** that a statement remains unfiled. The \$2,000.00 maximum late filing fee will have been reached at that point.

DAY 1	\$25 00
DAY 2	\$50 00
DAY 3	\$75 00
DAY 4	\$125 00
DAY 5	\$175 00
DAY 6	\$225 0
DAY 7	\$275 00
DAY 8	\$325 00
DAY 9	\$375 00
DAY 10	\$425 00
DAY 11	\$525 00
DAY 12	\$625 00
DAY 13	\$725 00
DAY 14	\$825 00
DAY 15	\$925 00
DAY 16	\$1 025 00
DAY 17	\$1 125 00
DAY 18	\$1 225 0
DAY 19	\$1 325 00
DAY 20	\$1 425 00
DAY 21	\$1 525 00
DAY 22	\$1 625 00
DAY 23	\$1 725 00
DAY 24	\$1 825 00
DAY 25	\$1 925 00
DAY 26	\$2 000 00

*PRE-ELECTION AND POST-ELECTION CAMPAIGN STATEMENTS (Local PACs),  
TRIENNIAL CAMPAIGN STATEMENTS & SPECIAL ELECTION INDEPENDENT  
EXPENDITURE REPORTS (State-Level PACs)  
QUARTERLY CAMPAIGN STATEMENTS, SPECIAL ELECTION INDEPENDENT  
EXPENDITURE REPORTS & 24-HOUR, REPORTS (Legislative Caucus Committees)*

(Section 33(7))

- If the committee has raised **\$10,000.00 or less** during the previous 2 years, the late filing fee shall be \$25.00 for each business day the statement remains unfiled, but not to exceed \$500.00.

DAY 1	\$25.00
DAY 2	\$50.00
DAY 3	\$75.00
DAY 4	\$100.00
DAY 5	\$125.00
DAY 6	\$150.00
DAY 7	\$175.00
DAY 8	\$200.00
DAY 9	\$225.00
DAY 10	\$250.00
DAY 11	\$275.00
DAY 12	\$300.00
DAY 13	\$325.00
DAY 14	\$350.00
DAY 15	\$375.00
DAY 16	\$400.00
DAY 17	\$425.00
DAY 18	\$450.00
DAY 19	\$475.00
DAY 20	\$500.00

*PRE-ELECTION AND POST-ELECTION CAMPAIGN STATEMENTS (Local PACs),  
TRIENNIAL CAMPAIGN STATEMENTS & SPECIAL ELECTION INDEPENDENT  
EXPENDITURE REPORTS (State-Level PACs)  
QUARTERLY CAMPAIGN STATEMENTS, SPECIAL ELECTION INDEPENDENT  
EXPENDITURE REPORTS & 24-HOUR, REPORTS (Legislative Caucus Committees)*

- If the committee has raised **more than \$10,000.00** during the previous 2 years, the late filing fee shall not exceed \$1,000.00, determined as follows:
  - (a) Twenty-five dollars for each business day the report remains unfiled.
  - (b) An additional \$25.00 for each business day after the first 3 business days the report remains unfiled.
  - (c) An additional \$50.00 for each business day after the first 10 business days the report remains unfiled.

The filing official must assess a **\$25.00** late filing fee **for the first 3 business days** that a statement remains unfiled; a **\$50.00** (\$25.00 + \$25.00) late filing fee **for the 4th through the 10th business days** that the statement remains unfiled; and a **\$100.00** (\$25.00 + \$25.00 + \$50.00) late filing fee **for the 11th through 16th business days** that a statement remains unfiled. The \$1,000.00 maximum late filing fee will have been reached at that point.

DAY 1	\$25.00
DAY 2	\$50.00
DAY 3	\$75.00
DAY 4	\$125.00
DAY 5	\$175.00
DAY 6	\$225.00
DAY 7	\$275.00
DAY 8	\$325.00
DAY 9	\$375.00
DAY 10	\$425.00
DAY 11	\$525.00
DAY 12	\$625.00
DAY 13	\$725.00
DAY 14	\$825.00
DAY 15	\$925.00
DAY 16	\$1,000.00

*ANNUAL CAMPAIGN STATEMENTS (Local PACs)*  
(Section 35(3))

A committee, treasurer, or designated record keeper filing for a local PAC (Political or Independent Committee), who fails to file an Annual campaign statement shall pay a late filing fee of \$25.00 for each business day the statement remains unfiled. The late filing fee shall not exceed \$500.00.

DAY 1	\$25.00
DAY 2	\$50.00
DAY 3	\$75.00
DAY 4	\$100.00
DAY 5	\$125.00
DAY 6	\$150.00
DAY 7	\$175.00
DAY 8	\$200.00
DAY 9	\$225.00
DAY 10	\$250.00
DAY 11	\$275.00
DAY 12	\$300.00
DAY 13	\$325.00
DAY 14	\$350.00
DAY 15	\$375.00
DAY 16	\$400.00
DAY 17	\$425.00
DAY 18	\$450.00
DAY 19	\$475.00
DAY 20	\$500.00

Late Filing Fee Waivers

The Department of State and the county clerks throughout the state have the authority to waive a late filing fee for reasons of incapacitating physical illness, hospitalization, accident involvement, death, incapacitation for medical reasons or other unique, unintentional factors beyond the filer's control not stemming from a negligent act or nonaction. The report which was due must be filed to be considered for Good Cause Waiver of late filing fees. A request for a late filing fee waiver must be accompanied by documentation which supports the reason for the request. A filing official does not have the authority to waive a late filing fee for any of the following reasons: not receiving notice of the filing requirements; not being in town or picking up mail; not being aware of the filing requirements; not knowing where to get forms; or sending the filing to the wrong office. For further information on the provisions of the Campaign Finance Act which govern late filing fee waivers, contact the Michigan Department of State, Bureau of Elections, P.O. Box 20126, Lansing, Michigan 48901-0726. Phone (517) 373-2540.



### Late Filing Fee Hearings (Committees registered with the Bureau of Elections)

The Campaign Finance Act holds treasurers and designated record keepers equally and severally liable for late filing fees. Therefore, the Michigan Department of Treasury may take collection actions against the personal financial holdings of these individuals to bring the PAC account balance to zero. Collection actions by the Department of Treasury could include levy on wages, set off against state income tax refunds or any other means at the Department of Treasury's disposal. Committees are urged to promptly pay late filing fees to avoid collection by the Department of Treasury, State Agency Collections Division.

Before a late filing fee is referred for collection, you will be notified of your right to request a hearing to contest the validity of any late filing fee. You must request a hearing in writing within 14 days after being notified of your right to request such hearing. If you request a hearing, it will be held in Lansing before a hearing officer authorized to decide whether the late filing fees were properly assessed, whether the waiver portions of the law apply and related matters. Failure to request a hearing waives any rights you may have to a hearing.

A written request for a hearing must be sent to:

Michigan Department of State  
Bureau of Legal Services  
Compliance and Rules Division  
Third Floor Mutual Building  
208 N. Capital Avenue  
Lansing, Michigan 48918-2170

Please note that if the debt is uncontested or if a ruling is entered at the hearing that late filing fees are due, the committee's account will be assigned to the Michigan Department of Treasury for collection. When the account is received by Treasury, the Michigan income tax refund of the treasurer and/or the designated record keeper may be applied to this debt. Treasury may also levy on salary and wages, or seize any money or other assets held by these individuals in order to collect on this debt.

To pay an unpaid late filing fee, send the remittance made payable to "State of Michigan" to:

Michigan Department of State  
Bureau of Elections  
P. O. Box 20126  
Lansing, Michigan 48901-0726

Write the committee's Campaign Finance Identification Number on the check or money order that is submitted for payment.

## CONTRIBUTIONS AND OTHER RECEIPTS

**"Contributions"** are the funds, goods and services donated to the committee. **"Other receipts"** include interest, refunds and rebates received by the committee and uncashed or returned checks. *All contributions that are obtained and used to make expenditures in support or opposition of candidates or ballot issues in Michigan elections must conform with all requirements of the Michigan Campaign Finance Act.*

### Recording Contributions and Other Receipts

The committee's treasurer or designated record keeper must:

- Record all contributions by the amount, date received, and the donor's name and address. If single or cumulative contributions received from the same individual during a calendar year total \$100.01 or more, the donor's occupation, employer and principal place of business must also be recorded.
- Record all contributions received from other committees by the amount, date received, and the committee's name and address. Record all contributions received from groups, businesses, firms or any other types of organizations that are not registered as a committee under the Act by amount, date received and the contributing organization's name and address. If an individual gave toward the organization's contribution, the amount the individual gave, the date the organization received the individual's contribution, and the individual's name and address must be recorded. If an individual gave \$100.01 or more toward the organization's contribution, the individual's occupation, employer and principal place of business must also be recorded. **Note:** If the contribution from the unregistered group is \$500.00 or more, the group must form and register a committee within 10 calendar days after reaching the \$500.00 threshold.
- Record all "other receipts" by the amount, date received, and the name and address of the source.

For specific information on how contributions and "other receipts" are reported, refer to the Campaign Statement instructions booklet.

### Treasurer's Responsibility

All funds received by the committee must be promptly deposited in the committee's depository.

A contribution is considered received by the committee as soon as it is received by the committee treasurer or an agent designated by the treasurer.

#### When a Written Instrument is Required

Contributions of \$20.01 or more must be made by a written instrument such as a check or money order. The written instrument must show the name of the person making the contribution, date and amount of the contribution, and the name of the committee accepting the contribution. A committee may not accept contributions of \$20.01 or more in cash.

#### Contribution Limits (refer to page 39 for Expenditure Limits)

A person may not contribute more than \$20,000.00 in a calendar year to a House or Senate Caucus Committee. The caucus committee also may not accept contributions that exceed this limit. All other Political Committees or Independent Committees may receive unlimited contribution amounts.

#### Membership Dues

Membership fees, dues or subscriptions totaling \$20.00 or less from a person during a calendar year may be accepted in cash. The committee treasurer is required to record and report the contributor's name, address, date and amount for each contribution, regardless of amount.

#### Contributions Received from Partnerships or a Limited Liability Company

The following requirements for partnerships also apply to limited liability companies and their members. A contribution to a Political Committee or an Independent Committee which is made on a partnership check is viewed as a contribution from the partnership unless the amount contributed is attributed to members of the partnership. Consequently, if a partnership contributes \$500.00 or more in a calendar year and the amount contributed has **not** been attributed to members of the partnership, the partnership is required to register as a committee under the Campaign Finance Act. On the other hand, if the amount contributed has been attributed to members of the partnership, the amount involved does not count toward the \$500.00 registration threshold applicable to the partnership under the Act.

When the members of a partnership or a limited liability company wish to use a business check to make a contribution to a Political or Independent Committee, the check must be accompanied by a written statement containing the name, address, date and amount being contributed by each partner or member. Those individuals whose contributions total more than \$100.00 must also provide their occupation, employer and principal place of business. The recipient committee then reports the amount contributed by each partner or member as a separate contribution

received from an individual; the name of the partnership or limited liability company is not listed as contributor.

Political Committees and Independent Committees are not permitted to accept corporate contributions; therefore, no part of a contribution made on a partnership check or a limited liability company check may be attributed to an individual partner or member who is incorporated.

### In-kind Contributions

In-kind contributions are goods, services and facilities provided to the committee at no cost or at a discount. An in-kind contribution could be a donation of postage stamps to the committee, a person paying off a debt incurred by the committee or a person donating professional services to the committee. The value of an in-kind contribution is the fair market value of the good or service or the usual rental charge of the facility. If the committee receives a discount unavailable to the general public, the value of the in-kind contribution is the amount discounted.

Independent and Political Committees must not accept an in-kind contribution from a corporation, joint stock company, labor union or domestic dependent sovereign.

### Out-of-State Contributions

Out-of-state contributions may be accepted. A statement must be included with any out-of-state contribution if the contribution is received from a group not registered as a committee under the Act. The statement must give the date the contribution was made, the amount of the contribution, the full name and address of each person or committee whose funds are part of the contribution and the occupation, employer and principal place of business of each person contributing \$100.01 or more of the contribution. The statement must also include language to the effect that the contribution involved was not made from an account containing funds provided by a corporation, joint stock company, labor organization or domestic dependent sovereign.

- The statement must be certified as true and correct by an officer of the contributing organization or other contributing person. The statement must be filed with the committee's next Campaign Statement that covers the period during which the contribution was received.
- Out-of-state contribution statements must be obtained by committees with a Reporting Waiver. However, the out-of-state contributions will not be reported on a Campaign Statement unless the committee receives or spends more than \$1,000.00 in a calendar year.
- The statement is not required if the out-of-state contributor is an individual or a group registered as a committee under the Act.
- Once the group has contributed an aggregate of \$500.00 in a calendar year to committees in Michigan, the group becomes a committee and has 10 calendar days in which to file a

## Statement of Organization as a Political or Independent Committee in Michigan.

### Fund Raisers

An Independent or Political Committee that does not have a Reporting Waiver is required to file with each required Campaign Statement a "Fund Raiser Schedule" for each fund raising event held during the reporting period. To ensure that appropriate records are kept at fund raising events, the committee's treasurer or designated record keeper should familiarize him or herself with the information required on the form **before** any fund raisers are held.

### Joint Fund Raisers

A committee that wishes to hold a joint fund raiser with another committee must adhere to a special set of procedures to avoid violations of Michigan's Campaign Finance Act.

1. Prior to the event, an agreement should be drafted in writing between all sponsoring committees indicating the following information:
  - The exact share of contributions to be assigned to each committee.
  - The proportional share of expenditures to be delegated to each committee.
  - Designation of a joint account in a secondary depository for deposit of all contributions from the joint fund raising event. Each committee must amend its Statement of Organization to indicate the location of the secondary depository. The secondary depository is only to be used to receive the contributions and then to split the contributions proportionately to all committees as agreed. No expenses may be paid from the secondary depository.
  - The manner of payment for expenses attributable to the event. For example, one committee may be designated to pay all expenses for the event and receive subsequent reimbursement, within a designated time, from the other sponsoring committees. Alternately, each committee may pay its proportionate share, as agreed previously, of each expense as it arises.
2. All advertising, either before or at the event, must inform contributors of the following:
  - The event is a joint fund raiser.
  - The names of the committees involved.
  - The agreed share of each contribution to be allocated to each committee.

- The manner of writing checks or other written instruments by the contributors. For example, if the fund raiser has a name which is on the secondary depository, such as “Campaign 2000”, checks would be made payable to “Campaign 2000”.

### 3. Recording and reporting contributions and expenditures for the event.

- Each committee must record the name and address of each contributor, the portion of the contribution received by the committee, and date of the contribution.
- Each committee must report the name and address, date and amount for each contributor.
- If the agreement designates a committee to pay all expenses for which reimbursement will be made at a later time, the designated committee must itemize all expenditures over \$50.00 associated with the event and indicate that the expenditure was made for the joint fund raiser. When the committee making the expenditure receives reimbursement, it must report the reimbursement as “Other Receipts” in connection with the joint fund raiser. Each committee making reimbursement must report its share of the reimbursement as an expenditure, itemizing each expenditure over \$50.00.
- If it is agreed in writing that each committee will pay its proportionate share of each expenditure as it arises, each committee must itemize its share of each expenditure if that share exceeds \$50.00.
- Each committee must complete a Fund Raiser Schedule, to be included in its next Campaign Statement, reporting only the amounts received by that committee. The committee should complete the joint fund raiser section on the Fund Raiser Schedule.
- Each committee must treat the gross amount of each proportionate share of a contribution as a reportable contribution and not merely the net proceeds after deducting expenses.

### Loans to a Committee

Independent and Political Committees may accept loans from individuals and from commercial lending institutions. A loan from an individual is reported as a contribution. A loan from a lending institution is reported as an “Itemized Other Receipt”.

## PROHIBITED CONTRIBUTIONS

A prohibited contribution must be returned as soon as the committee recognizes that it has received a contribution that cannot be accepted. If a prohibited contribution has been deposited in the committee's account, an expenditure from the account must be made to return the prohibited contribution. If the prohibited contribution has not been deposited, the actual contribution must be returned. If returned within 30 business days, the receipt of the contribution is not considered to be a contribution and is therefore not a violation of Campaign Finance provisions. The following types of contributions are prohibited by the Michigan Campaign Finance Act:

- Anonymous Contributions.

A committee may not accept an anonymous contribution. If a contribution is received without name and address information, it must be donated to a tax exempt charitable organization and a receipt is needed for committee records.

- Cash Contributions.

A committee may not accept contributions of \$20.01 or more in cash. Cash contributions of \$20.00 or less must be reported in detail with name, address, date and amount of each contribution

- Earmarking.

A committee may not accept a contribution with the agreement or arrangement that the committee will transfer the contribution to a particular Candidate Committee. (This practice is commonly called “earmarking” and is strictly prohibited.)

- Foreign Nationals

A foreign national is prohibited by the Federal Election Campaign Act from making any contribution or expenditure (including independent expenditures) in connection with any U.S. elections. It is also unlawful for any person to solicit, accept or receive a contribution from a foreign national.

- Corporations, Joint Stock Companies, Labor Organizations, Domestic Dependent Sovereigns (Indian tribes)

A Political Committee or Independent Committee may not accept a contribution of money from treasury funds, goods, services, discounts or free use of facilities from a corporation, a joint stock company, a labor organization, or a domestic dependent sovereign.

A corporation, joint stock company, labor union or domestic dependent sovereign may not purchase fund raiser or dinner tickets to Political or Independent Committee events; may not donate prizes or awards for fund raisers or other events sponsored by or for the benefit of a Political Committee or Independent Committee; may not provide a discount unavailable to the general public to a Political or Independent Committee; and may not pay off or forgive a committee debt for a Political or Independent Committee.

Prohibitions against corporate contributions apply to all types of corporations, including large and small corporations, non-profit and for-profit corporations, professional corporations and sub-chapter S corporations. The only exception is for a corporation formed strictly for political purposes only.

- Prohibition of Campaign Contributions from Persons Holding a Casino Interest

Public Act 69 of 1997 amended the Michigan Casino Revenue and Control Act to prohibit persons having a casino interest in one of the three Detroit casinos from making campaign contributions during certain periods of time. This prohibition is enforced by the Michigan Gaming Control Board. The persons who are prohibited from making contributions are:

1. a casino licensee or a supplier licensee;
2. a person who holds at least a 1% interest in a casino licensee, a supplier licensee or a casino enterprise;
3. a person who is an officer or a managerial employee of the licensee or casino enterprise as defined by rules promulgated by the Casino Gaming Board;
4. a person who is an officer of the person who holds at least a 1% interest in the licensee or casino enterprise;
5. the Independent Committee of a licensee or casino enterprise; and



6. the spouse, parent, child, spouse of a child, of a licensee or of a person who has an interest in a licensee or casino enterprise.

The time periods during which a contribution is prohibited are:

1. the time period during which a casino license or development agreement is being considered by a city or by the Gaming Control Board;
2. the term during which the licensee holds a license;
3. the three years following the final expiration or termination of the licensee's license;
4. during either of the following, whichever is shorter:
  - a) the period beginning on or after the effective date of Public Act 69 of 1997 (July 17, 1997)
  - b) the period beginning 1 year prior to applying for a license.

Public Act 71 of 1997 amended the Michigan Campaign Finance Act to provide that a committee shall not knowingly maintain receipt of a contribution from a person prohibited from making a contribution during the prohibited period under Public Act 69.

For purposes of this section of Public Act 71, a committee is only considered to have knowingly maintained receipt of a contribution prohibited under Public Act 69 and is subject to penalty for that violation if both of the following circumstances exist:

- a) The Secretary of State has, by registered mail, notified the committee that the committee has received a contribution in violation of this section and has specifically identified that contribution.
  - b) The committee fails to return the contribution identified on or before the thirtieth business day after the date the committee receives the notification.
- Solicitation and Acceptance of Contributions by Separate Segregated Funds

A Political or Independent Committee that is established as a separate segregated fund is not permitted to solicit or accept contributions from another Political or Independent Committee, or from any person who is not allowed to contribute to the separate segregated fund.

#### Returning Contributions

Funds received by a committee which are returned to the contributor **within 30 business days** after their receipt are not viewed as a “contribution” under the Act.

Funds that are returned to the contributor which have not been deposited in the committee's account are not reported on the next Campaign Statement required of the committee.

Funds deposited in a committee's account that are subsequently returned to the contributor must be reported on the Campaign Statement covering the period during which the contribution was received and returned.

### Contribution Exemptions

An individual can assist an Independent or Political Committee in a number of ways without the assistance counting as a contribution to the committee. The following exemptions are designed to encourage volunteer participation in the political process:

- A volunteer's personal services do not count as a contribution as long as the volunteer assists the committee without any understanding or agreement that compensation will be received for the time donated. If the committee compensates the volunteer, the compensation must be reported as an expenditure. If a third party compensates the volunteer, the compensation must be reported as an in-kind contribution from the third party. If a volunteer is on earned vacation time when assisting the committee, the vacation pay does not count as a contribution.
- The first \$500.00 spent during the year by a volunteer for personal travel expenses (gas, food, lodging) do not count as a contribution as long as the costs are voluntarily incurred without any understanding or agreement that the costs will be repaid. Additional travel expenses incurred by the volunteer during the year must be reported by the committee as in-kind contributions.
- The first \$100.00 worth of food and beverages donated to the committee during the year by an individual does not count as a contribution as long as the costs are voluntarily incurred without any understanding or agreement that the costs will be repaid. Additional donations of food and beverages by the individual during the year must be reported by the committee as in-kind contributions.

## **EXPENDITURES**

### Definition

1. “Expenditure” means a payment, donation, loan, or promise of payment of money or anything of ascertainable monetary value for goods, materials, services, or facilities in assistance of, or in opposition to, the nomination or election of a candidate, or the qualification, passage or defeat of a ballot question. Expenditure includes, but is not limited to, any of the following:
  - (a) A contribution or a transfer of anything of ascertainable monetary value for purposes of influencing the nomination or election of a candidate or the qualification, passage, or defeat of a ballot question.
  - (b) Except as otherwise provided in Section 6(2)(f) or (g), an expenditure for voter registration or get-out-the-vote activities made by a person who sponsors or finances the activity or who is identified by name with the activity.
  - (c) Except as otherwise provided in Section 6(2)(f) or (g), an expenditure made for poll watchers, challengers, distribution of election day literature, canvassing of voters to get out the vote, or transporting voters to the polls.
2. Expenditure does not include any of the following:
  - (a) An expenditure for communication by a person with the person’s paid members or shareholders and those individuals who can be solicited for contributions to a separate segregated fund under section 55.
  - (b) An expenditure for communication on a subject or issue if the communication does not support or oppose a ballot question or candidate by name or clear inference.
  - (c) An expenditure for the establishment, administration, or solicitation of contributions to a separate segregated fund or independent committee.
  - (d) An expenditure by a broadcasting station, newspaper, magazine, or other periodical or publication for a news story, commentary or editorial in support of or opposition to a candidate for elective office or a ballot question in the regular course of publication or broadcasting.
  - (e) An offer or tender of an expenditure is expressly and unconditionally rejected or returned.
  - (f) An expenditure for nonpartisan voter registration or nonpartisan get-out-the-vote activities made by an organization that is exempt from federal income tax pursuant to section 501(c)(3) of the internal revenue code of 1986, 26 U.S.C. 501, or any successor statute.

(g) An expenditure for nonpartisan voter registration or nonpartisan get-out-the-vote activities performed pursuant to sections 491 to 524 of the Michigan election law by the secretary of state and other registration officials who are identified by name with the activity.

### Recording Expenditures

The committee's treasurer or designated record keeper must:

- Record all expenditures by the amount, date made, and the recipient's name and address.
- Record all expenditures made to or on behalf of Candidate Committees by the amount, date made, and the committee's name and address. Record the candidate's name and county of residence, the office he or she seeks, and the district or community served by the office.
- Record all expenditures made to support or oppose a ballot question by the amount, date made and a description of the question. Also record whether the question is a statewide, multi-county or single-county issue. For multi-county issues, indicate the name of the county with the greatest number of voters eligible to vote on the issue. If the expenditure is made to or on behalf of a specific Ballot Question Committee, record the name and address of the Ballot Question Committee.
- Record funds spent from the committee's account that are not "expenditures" as defined by the Act. These are funds that are not spent to influence voters on a candidate or an issue. A record of these types of expenditures is needed to balance the committee's funds on Campaign Statements.

Refer to the Campaign Statement instructions booklet for specific information on how to report expenditures.

### Treasurer's Responsibility

The committee treasurer is responsible for making all expenditures from the committee's depository or designating an agent to do so. All expenditures must be authorized by the committee treasurer or an agent designated by the treasurer. Persons authorized to make committee expenditures do **not** have to be listed on the committee's Statement of Organization.

- The treasurer must substantiate all expenditures by a receipt or a canceled check with the specific purpose of the expenditure written on it or attached to it.
- The treasurer is responsible for receiving and promptly depositing all contributions and other receipts.
- A committee treasurer or other individual designated on the Statement of Organization as

responsible for the committee's record keeping, report preparation, or report filing shall keep detailed accounts, records, bills and receipts as required to substantiate the information contained in a statement or report filed by the committee. All committee records must be preserved by the committee treasurer for 5 years and shall be made available for inspection as authorized by the Secretary of State.

- The treasurer is responsible for the timely filing of all Campaign Statements and other Campaign Finance documents. The treasurer is also responsible for responding to any Notices of Error or Omission issued by the committee's filing official.
- The treasurer is responsible for the payment of all late filing fees incurred by the committee.

#### When a Written Instrument is Required

An expenditure of \$50.01 or more must be made by a written instrument such as a check or money order. The written instrument must show the committee's name and the name of the recipient. A committee may not make expenditures of \$50.01 or more in cash.

#### Petty Cash

- The committee treasurer may establish a petty cash fund with funds withdrawn from the committee's official depository.
- The committee must record the name, date, and amount of each expenditure made from the petty cash fund.
- Single cash expenditures of \$50.00 or less may be made from the petty cash fund.

#### Prohibited Expenditures

- A committee may not make a single expenditure from petty cash that exceeds \$50.00.
- A committee may not make an expenditure in cash that exceeds \$50.00.

#### In-Kind Expenditures

In-kind expenditures are goods, services and facilities provided to another committee at no cost or at a discount.

The value of an in-kind expenditure is the fair market value or usual rental charge of the good, service or facility. If the committee provides a good, service or facility to another committee at a

discount, the value of the in-kind expenditure is the amount discounted.

### Independent Expenditures

Independent expenditures are expenditures made on behalf of a candidate or a ballot question without the direction or control of the candidate's committee or a committee supporting or opposing the ballot question and are not contributions to the committee. Independent expenditures are **never** made under the control of or at the direction of another person or committee. Independent expenditures can be made in any amount and do not count toward the total contribution amount given to a candidate. Independent expenditures may also be made in opposition to a candidate or ballot issue.

### Limitations on Expenditures to Candidates

The Act limits the amount Independent and Political Committees can contribute to, or expend on behalf of, candidates. The following types of expenditures count toward the expenditure limit: expenditures in cash, expenditures by written instrument such as a check or money order, in-kind expenditures, and loans. Independent expenditures do not count toward the limit.

Normally referred to as “contribution limits”, the limitations are set on an “election cycle” basis and apply to the amount a committee can expend as a direct contribution of money to a Candidate Committee or as an in-kind contribution of goods or services to, or on behalf of a Candidate Committee. An election cycle begins on the day following a general election in which the office involved appears on the ballot and ends on the day of the next general election in which the office appears on the ballot. For a special election the election cycle begins on the day the special election is scheduled or the date the office involved becomes vacant (whichever is earlier) and ends on the day of the special election.

The following charts list the maximum amount a Political Committee or an Independent Committee may give to a candidate during the candidate's election cycle.

**Expenditure Limits for Political Committees and Individuals**  
(Also Referred to as “Contribution Limits”)

Governor	\$ 3,400
Lt. Governor	\$ 3,400
Local candidate or judicial candidate in district with population over 250,000	\$ 3,400
State Senator	\$ 1,000
Local candidate or judicial candidate in district with population 85,001 to 250,000	\$ 1,000
State Representative	\$ 500
Local candidate or judicial candidate in district with population up to 85,000	\$ 500
Any Other State Elective Office	\$ 3,400

**Expenditure Limits for Independent Committees**  
(Also Referred to as “Contribution Limits”)

Governor	\$ 34,000
Lt. Governor	\$ 34,000
Local candidate or judicial candidate in district with population over 250,000	\$ 34,000
State Senator	\$ 10,000
Local candidate or judicial candidate in district with population 85,001 to 250,000	\$ 10,000
State Representative	\$ 5,000
Local candidate or judicial candidate in district with population up to 85,000	\$ 5,000
Any Other State Elective Office	\$ 34,000

State Elective Offices

State elective offices not listed above are secretary of state, attorney general, supreme court justice, state board of education, University of Michigan regent, Michigan State University trustee, Wayne State University governor.

Carefully review the criteria an Independent Committee must meet before it can give the amounts listed. Refer to pages 8 and 9.

Loans by Committees

A loan accepted by a candidate from an Independent or Political Committee counts toward the contribution limit applicable to the committee. A loan received by a candidate which is endorsed or guaranteed by a third party counts toward the contribution limit applicable to the third party to the extent the third party is liable for the amount loaned. Amounts repaid on a loan by the

committee no longer count toward the contribution limit applicable to the lender or any person endorsing or guaranteeing the loan.

An amount contributed to a candidate by an Independent or Political Committee does not count toward the contribution limit applicable to any person who may have given the funds involved to the Independent or Political Committee, unless the person directs or controls the ultimate use of those funds. A person cannot make a contribution to a Political or Independent Committee with the understanding or agreement that the contribution will be passed on to a particular Candidate Committee.

#### Designation of Contributions for Previous Election Cycles

A contribution received by a Candidate Committee is considered to be for the current election cycle unless specifically designated for a previous election cycle. An Independent or Political Committee can designate a contribution for a previous election cycle if the designation is made in writing; the committee did not reach the applicable contribution limit set for the candidate in the election cycle identified in the designation; and the designated contribution does not exceed the Candidate Committee's outstanding debts from the election cycle identified in the designation.

#### Delivery of a Contribution to Another Committee by a Third Party

An individual who obtains possession of a contribution that a committee registered under the Act wishes to give to another committee registered under the Act has ten (10) business days to take one of the following actions:

- 1) deliver the contribution to the appropriate committee treasurer;
- 2) deliver the contribution to any agent of the appropriate committee; or
- 3) return the contribution to the payer.

The 10-day time limit for these actions does not apply if the individual in possession of the contribution is the treasurer or designated record keeper of the contributing committee.

#### Use Of Independent Contractors By Political And Independent Committees

When an expenditure is made by a Political or Independent Committee to an agent or independent contractor, the contractor must provide the committee with detail information if the contractor paid a third party \$50.01 or more to provide goods or services on behalf of the committee. Expenditure listings supplied to a committee by an agent or independent contractor must list the name and address of each individual or business that received more than \$50.00 through a single expenditure or through a series of expenditures made by the agent or



independent contractor during the reporting period, the purpose and amount of each expenditure, and the date each expenditure was made.

Refer to the Campaign Statement instructions booklet for specific information on how to report expenditures made to independent contractors.

<b>CORPORATIONS, JOINT STOCK COMPANIES, LABOR ORGANIZATIONS AND DOMESTIC DEPENDENT SOVEREIGNS (INDIAN TRIBES)</b>
---

Sections 54 and 55 of the Campaign Finance Act set forth the requirements corporations, joint stock companies, labor organizations and domestic dependent sovereigns must meet if they wish to participate in state and local elections in Michigan. Corporations formed solely for political purposes are not governed by these provisions.

### SEPARATE SEGREGATED FUNDS

#### Forming a Separate Segregated Fund

A corporation, joint stock company, labor organization, or domestic dependent sovereign that wishes to support or oppose candidates must establish a single “separate segregated fund.” The fund may also be used to support or oppose ballot questions.

A separate segregated fund must be registered as either an Independent or Political Committee within 10 calendar days after \$500.00 or more is received or spent in a calendar year to support or oppose candidates or ballot issues. Either the Independent or Political Committee contribution limits will apply to the separate segregated fund. All other committee requirements also apply.

A separate segregated fund may contribute to, and make expenditures on behalf of, Candidate Committees, Ballot Question Committees, Political Party Committees, and Political and Independent Committees which are not separate segregated funds. A separate segregated fund cannot contribute to another separate segregated fund.

Contributions to a separate segregated fund can only be solicited and accepted from those individuals specified in section 55 of the act and rule 169.39e of the Department’s administrative rules. These individuals are described below. No corporate money, labor organization treasury money or tribal money may be placed in a separate segregated fund.

#### For Profit Corporations and Joint Stock Companies

Contributions for a fund established by a *for profit corporation or joint stock company* may be solicited and accepted from any of the following persons or their spouses:

- Stockholders of the corporation or company.
- Officers and directors of the corporation or company.

- Employees of the corporation or company who have policy-making, managerial, professional, supervisory or administrative, non-clerical responsibilities.

NOTE: Effective February 18, 2000, a for profit corporation or joint stock company may also solicit contributions from employees of its subsidiary corporations or companies who have managerial, professional, supervisory, or administrative nonclerical responsibilities, and their spouses.

### Nonprofit Corporations

Contributions for a fund established by a *nonprofit corporation* may be solicited and accepted from those individuals listed above in addition to any of the following persons and their spouses:

- Members of the corporations who are individuals.
- Stockholders of members of the corporation.
- Employees of the members of the corporation who have policy-making, managerial, professional, supervisory or administrative, nonclerical responsibilities.
- Employees of the corporation who have policy-making, managerial, professional, supervisory or administrative, non-clerical responsibilities.
- Officers or directors of members of the corporation.

### Domestic Dependent Sovereigns

Contributions for a separate segregated fund established by a *domestic dependent sovereign* may be solicited from an individual who is a member of any domestic dependent sovereign.

### Labor Organizations

Rule 169.39e(2) provides that a labor organization that is comprised of *member unions* may solicit individuals who are members of its member unions and their spouses, as well as employees who have policy making, managerial, supervisory, or administrative nonclerical responsibilities and their spouses.

Labor organizations that are comprised of *individual members* are not subject to this rule. These labor organizations may accept voluntary contributions from individuals.

NOTE: Section 55(4) of the campaign finance act was intended to apply to the solicitation of

contributions by labor organizations. However, this section was enjoined from operation by a March 31, 1995, order of the U.S. District Court. The District Court's order was not appealed and remains in effect.

### Automatic Contributions

Section 55(6) of the Campaign Finance Act governs automatic contributions, such as payroll deduction. As a general rule, contributions may not be obtained on an automatic or passive basis, and a reverse checkoff method of obtaining contributions is strictly prohibited.

A corporation organized on a for profit or non profit basis, a joint stock company, a domestic dependent sovereign, or a labor organization may solicit or obtain contributions for a separate segregated fund from an individual on an automatic basis, including but not limited to a payroll deduction plan, *only if* the individual who is contributing to the fund *affirmatively consents to the contribution at least once in every calendar year*. According to Rule 169.39c, the affirmative consent shall be effective only through December 31 of the calendar year for which the consent is given.

Rule 169.39d provides that the affirmative consent required by Section 55(6) must be in writing and signed and dated by the contributor. The written affirmative consent shall include, at a minimum, the following information:

- (a) A notice, which shall read as follows:

#### Affirmative consent to political contribution

Section 55(6) of the Campaign Finance Act provides that a for profit or non profit corporation, a joint stock company, a domestic dependent sovereign, or a labor organization may solicit or obtain contributions for a separate segregated fund on an automatic basis, including but not limited to a payroll deduction plan, *only if* the individual who is contributing to the fund *affirmatively consents to the contribution at least once in every calendar year*.

- (b) The contributor's first, middle, and last names.
- (c) The amount of money to be withheld from the contributor's wages or the percentage of the contributor's wages to be withheld.
- (d) The frequency with which the withholding is to be accomplished. The withholding may be per pay period, per week, per month, or per year.
- (e) The name of the committee to which the withheld earnings are to be transferred.

- (f) The calendar year for which the consent is given.

Contributions that are obtained and used to make expenditures in Michigan elections must conform with the requirements of Section 55(6). Therefore, an out-of-state PAC or a federal PAC that collects contributions through payroll deduction must comply with the annual affirmative consent requirement for those funds that are used to make expenditures to support or oppose state and local candidates or ballot questions in Michigan.

#### Administrative and Solicitation Expenses

Corporate funds, labor organization treasury funds and tribal money may be used to pay their own separate segregated fund's administrative and solicitation expenses. This would include such items as office space, telephones, utilities, supplies, legal and accounting services, salaries and any other expenses incurred in setting up and administering the committee.

A corporation, joint stock company, labor organization or domestic dependent sovereign may make expenditures for communications if the communications are exclusively with paid members, shareholders, or persons who can be solicited for contributions to the separate segregated fund established by the corporation, joint stock company, labor organization or domestic dependent sovereign.

Travel expenses incurred by officers or directors of a separate segregated fund established by a trade association may be paid by the officer's or director's corporation or by the trade association which established the separate segregated fund.

When a separate segregated fund holds fund raising events, the sponsoring organization is limited as to the expenses it can pay. Fund raising expenses such as entertainment, premiums and prizes are not considered administrative expenses and cannot be paid for by the sponsoring organization. However, the sponsoring organization may pay the solicitation costs of its separate segregated fund's fund raising event. Such costs would include any costs associated with licenses, advertising, printing and mailing.

#### Sponsoring Organization Activities

A corporation, joint stock company, labor organization or domestic dependent sovereign cannot allow employees or members to engage in candidate campaign activities in an official capacity while on the sponsoring organization's time.

A sponsoring organization allowing yard signs on its property may be making an in-kind contribution if there is an ascertainable monetary value involved. If there is such a value, a sign which supports or opposes a candidate is prohibited.

Sponsoring organizations which permit candidates to visit their facilities are not making a contribution if such visits are equally available to all candidates and the organization does not communicate support of or opposition to the visiting candidate.

A sponsoring organization which is a member of a non-profit sponsoring organization which has a separate segregated fund may permit occasional, isolated, or incidental use of the organization's facilities or personnel to establish, administer or solicit contributions for the separate segregated fund, not to exceed one hour per week or four hours per month.

Sponsoring organizations may not purchase space in "program books" of any committee other than a Ballot Question Committee.

The above restrictions do not apply to activities undertaken to support or oppose a ballot question. A corporation, joint stock company, labor organization or domestic dependent sovereign may also use its general treasury funds to contribute to a Ballot Question Committee and make independent expenditures for the qualification, passage or defeat of a ballot question. If independent expenditures are made by a corporation, joint stock company, labor organization or domestic dependent sovereign, the organization must register as a Ballot Question Committee within 10 business days after spending \$500.00 on that issue.

#### Affiliated Committees

All Political Committees and Independent Committees established, financed, maintained, or controlled by the same corporation, joint stock company, or labor organization, including a parent, subsidiary, branch, division, department, or local unit of the corporation, company, or organization, are affiliated. "Local unit" may include, in appropriate cases, a franchise, licensee, or state or regional association.

Affiliated committees sharing a single contribution limitation include all of the committees established, directed, controlled, or financially supported by one of the following entities:

- A single for profit corporation or joint stock company, including its subsidiaries.
- A single national or international union, including its subordinate organizations, such as local unions, branches, divisions, or departments.
- An organization of national or international unions, including all its state and local central bodies.
- A nonprofit corporation, including trade or professional associations and related state and local entities of the corporation.

<p style="text-align: center;"><b>MICHIGAN ELECTION PARTICIPATION BY OUT-OF-STATE GROUPS</b></p>
--

Receipt of Out-of-State Contributions

A committee registered under Michigan's Campaign Finance Act may accept out-of-state contributions. A statement must be included with any out-of-state contribution if the contributing group is not registered as a committee under the Act. The statement must give the date the contribution was made, the amount of the contribution, the full name and address of each person or committee contributing to the contribution and the occupation, employer and principal place of business of each person contributing \$100.01 or more of the contribution. The statement must also include language to the effect that the contribution involved was not made from an account containing funds provided by a corporation, joint stock company, labor organization or domestic dependent sovereign. The statement must be certified as true and correct by an officer of the contributing group or other contributing person.

A committee registered under Michigan's Campaign Finance Act may not accept a contribution from an out-of-state group unless the statement is submitted with the contribution. The statement must be included with the next Campaign Statement required of the committee. All candidate contribution limitations provided under the Campaign Finance Act apply to out-of-state groups.

Out-of-State Groups Covered by Campaign Finance Act

Michigan's Campaign Finance Act requires a group operating out-of-state to form and register a Michigan committee as soon as it receives or spends \$500.00 or more in a calendar year to influence voters for or against the nomination or election of one or more candidates in Michigan or the qualification, passage or defeat of one or more ballot questions in Michigan. Contributions which apply toward the \$500.00 threshold include contributions to Candidate Committees as well as any contributions made to Independent, Political, Political Party and Ballot Question Committees.

An out-of-state group must form and register a "committee" under the Act within ten (10) calendar days after it reaches the \$500.00 threshold discussed above. To register, the committee files a Statement of Organization form. After registering, the committee files Campaign Statements as required to disclose its political activity.

A group that registers under the Campaign Finance Act is no longer required to submit certified statements with its contributions as discussed under "Receipt of Out-of-State Contributions" above.

A separate segregated fund established by an out-of-state corporation, joint stock company, labor organization or a domestic dependent sovereign that receives or spends \$500.00 or more in a calendar year to influence voters for or against the nomination or election of one or more candidates in Michigan or the qualification, passage or defeat of one or more ballot questions in Michigan must register as a Political Committee or an Independent Committee under the Act.

#### Out-of-State Committee Treasurer and Depository

Michigan's Campaign Finance Act allows an Independent or Political Committee to have a treasurer who does not reside in Michigan and a depository that is not located in Michigan if the committee does not conduct business through an office or facility located in Michigan.

An out-of-state committee that has a treasurer who is not a Michigan resident must file an "irrevocable written stipulation" with its Statement of Organization. The stipulation must agree that:

1. any legal process affecting the committee which is served on the Secretary of State or an agent designated by the Secretary of State will have the same effect as if personally served on the committee, and
2. that the appointment will remain in force as long as any liability of the committee remains outstanding in Michigan. The committee treasurer must sign the statement.

An out-of-state committee that wishes to name a treasurer who is not a Michigan resident can draft its own "irrevocable written stipulation" or obtain a prepared statement from the Department of State's Bureau of Elections in Lansing. An out-of-state committee that chooses to draft its own "irrevocable written stipulation" is advised to follow the following model.



- Stipulation -

I stipulate and agree that any legal process affecting this committee served on the Secretary of State or an agent designated by the Secretary of State shall have the same effect as if personally served on me and all other principals of this committee. I further agree that this appointment shall remain in force as long as any liability of this committee remains outstanding within the State of Michigan.

Committee Name: \_\_\_\_\_

Treasurer's Name (Print): \_\_\_\_\_

Treasurer's Signature: \_\_\_\_\_

Date: \_\_\_\_\_

### **Accounting For Contributions Made In Michigan**

#### Michigan and Out-of-State Accounts (2 Accounts)

A Political or Independent Committee registered under Michigan's Campaign Finance Act may receive lump sum transfers from a "parent" committee registered under federal law or the laws of any other state. A Michigan PAC is commonly referred to as an "affiliate PAC" if it receives fund transfers from a "parent" committee registered under federal law or the laws of another state.

Lump sum transfers received by an affiliate PAC from a parent committee must be disclosed through the "Last-in-First-Out" (LIFO) accounting method or other acceptable accounting methods that identify the contributors of the funds spent in Michigan. Under the LIFO accounting method, the lump sum transferred is attributed to the most recent contributors to the account from which the funds were drawn. Persons designated as contributors of funds transferred into the affiliate PAC's depository need not reside in or be located in Michigan. However they must be eligible to contribute to the affiliate PAC and have yearly written affirmative consent on file with the separate segregated fund if the funds were collected on an automatic basis, including a payroll deduction plan.

### Out-of-State Account Only (1 Account)

An out-of-state PAC that registers in Michigan and qualifies to keep its funds in an out-of-state depository is not required to have a separate account from which to make expenditures in Michigan. Expenditures to Michigan candidates, PACs, Political Party Committees or Ballot Questions Committees may be made directly from the committee=s out-of-state account and reported through LIFO or other acceptable accounting method. Under the LIFO method an expenditure made to a Michigan committee is attributed to the most recent contributors to the account from which the funds were drawn, up to the amount of the expenditure.

The Campaign Statement filed by the contributing committee would report on Schedule 2A, Itemized Contributions, as memo itemizations, the names, addresses, dates and amounts for contributors whose funds (regardless of amount) made up the expenditures made to Michigan committees. On the Expenditure Schedule, the contributing committee would itemize only the expenditures made to Michigan committees. The Expenditure Schedule should also reflect a lump sum line item for federal and administrative expenditures. The Summary Page of the Campaign Statement would reflect the total receipts into, and the total expenditures out of, the account.

## IDENTIFICATION REQUIREMENTS

The Act requires all paid advertisements having reference to an election, a candidate or a ballot question to contain an identification statement and, if applicable, a disclaimer statement. *An individual other than a candidate is not subject to this provision if the individual is acting independently and not acting as an agent for a candidate or any committee.* The identification must be clear to the reader or listener and worded as follows:

- All printed matter having reference to a candidate, election or a ballot question, including yard signs, brochures, billboards, poll cards, fund raiser tickets, stationery, etc., must contain: “Paid for by” followed by the full name of the person or committee paying for the material and the person’s or committee’s street number or post office box, city or town, state and zip code.
- If the printed matter is an independent expenditure relating to a candidate that is not authorized in writing by the candidate, the printed matter must contain: “Paid for by (name and address of person, group or committee). Not authorized by any Candidate Committee.”
- The identification or disclaimer on printed material having reference to an election, a candidate, or a ballot question must be in a place and in a print clearly visible to and readable by an observer. Any other medium used for campaign purposes shall clearly and unequivocally include the identification or disclaimer, or both.
- All paid political advertisements broadcast by television or radio having reference to a candidate, election or ballot question shall identify the sponsoring person as required by the Federal Communications Commission, shall bear the name of the person paying for the advertisement, and shall be in compliance with the following:
  - (a) If the radio or television paid advertisement relates to a candidate and is an independent expenditure, the advertisement shall contain the following disclaimer:

“Not authorized by any candidate”

- (b) If the radio or television paid advertisement relates to a candidate and is not an independent expenditure but is paid for by a person other than the candidate to which it is related, the advertisement shall contain the following disclaimer:

“Authorized by .....” .  
(Name of candidate or name of Candidate Committee)

- The identification requirements of the Act do not apply to video tapes produced by political

candidates and cable cast on a public access channel if use of the public access video taping equipment and the public access time is free. The identification requirements only apply to paid political advertisements.

### **Exemptions:**

Certain items are exempt from the identification or disclaimer requirement due to their size or difficulty of placement. Following is a listing of the exempted items:

aerial banners	ashtrays
badges & badge holders	balloons
bingo chips	bumper stickers (4" x 15" or smaller)
brushes	candy wrappers (1 2" x 2 2" or smaller)
buttons	cigarette lighters
campaign stickers (3" x 1 1/2" or smaller)	clothing
clothes pins	coasters
cloth pot holders	cups
combs	earrings
drinking glasses	envelopes
emery boards	fortune cookie messages (2" x 2" or smaller)
erasers	glasses
frisbees	golf tees
golf balls	horns
hats	jar lid grippers (5" or smaller)
ice scrapers	knives
key rings	lapel pins / stickers
labels	matchbooks
magnifying glasses	nail files
nail clippers	paper & plastic cups
noisemakers	paper weights
paper & plastic plates	pennants
pencils	pens
pendants	plastic tableware
pinwheels	pot holders
pocket protectors	ribbons
refrigerator magnets	staple removers
shoe horns	sun visors
sun glasses	swizzle sticks
sweatshirts	t-shirts
whistles	wooden nickels (approx. size of 5-cent coin)
wooden rulers (12" or smaller)	yo-yo's

### Committee Address Change

A committee which has filed an amendment to its Statement of Organization to show a committee change of address is not required to note the change of address on printed matter it previously purchased as long as the printed matter contains an identification statement that was correct at the time the printed matter was produced.

## PUBLIC BODIES

A public body or an individual acting for a public body shall not use or authorize the use of funds, personnel, office space, property, stationery, postage, vehicles, equipment, supplies, or other public resources to make a contribution or expenditure or provide volunteer personal services to further the qualification, passage or defeat of a ballot question.

The prohibition does **not** apply to any of the following:

- The expression of views by an elected or appointed public official who has policy making responsibilities.
- The production or dissemination of factual information concerning issues relevant to the function of the public body.
- The production or dissemination of debates, interviews, commentary, or information by a broadcasting station, newspaper, magazine, or other periodical or publication in the regular course of broadcasting or publication.
- The use of a public facility owned or leased by, or on behalf of, a public body if any candidate or committee has an equal opportunity to use the public facility.
- The use of a public facility owned or leased by or on behalf of, a public body if that facility is primarily used as a family dwelling and is not used to conduct a fund-raising event.
- An elected or appointed public official or an employee of a public body who, when not acting for a public body but is on his or her own personal time, is expressing his or her own personal views, is expending his or her own personal funds, or is providing his or her own personal volunteer services.

A public body is defined in the Campaign Finance Act as one or more of the following:

- A state agency, department, division, bureau, board, commission, council, authority, or other body in the executive branch of state government.
- The legislature or an agency, board, commission or council in the legislative branch of state government.
- A county, city, township, village, intercounty, intercity, or regional board; a council, school

district, special district, or municipal corporation; or a board, department, commission, or council or an agency of a board, department, commission, or council.

- Any other body that is created by state or local authority or is primarily funded by or through state or local authority, which body exercises governmental or proprietary authority or performs a government or proprietary function.

## **DECLARATORY RULINGS AND INTERPRETIVE STATEMENTS**

Questions about the meaning of the Campaign Finance Act are handled in various ways by the Department of State.

The most formal procedure is a Declaratory Ruling. A Declaratory Ruling is issued when a request for a Ruling concerns a specific, factual situation. The request must be made by a person who will be directly affected by the Ruling. The Ruling is binding on the Secretary of State and on the person requesting the Ruling unless modified or set aside by a court. A person requesting a Declaratory Ruling should:

- State that a Declaratory Ruling is being requested.
- Indicate the specific and existing set of facts involved.
- Cite, if known, the legal authority upon which the request is based.

Less formal than a Declaratory Ruling is an Interpretive Statement. An Interpretive Statement is issued when a request for a Declaratory Ruling is not specific enough to warrant a Ruling or when a request concerns a hypothetical situation. Interpretive Statements are also issued when a request for information is received which is significant for the general public but does not come in the form required for a Declaratory Ruling.

An Interpretive Statement does not have the force and effect of a Declaratory Ruling and is merely explanatory. A person requesting an Interpretive Statement should state the question as specifically and clearly as possible.

The Campaign Finance Act establishes the following timetable when a proper request for a Declaratory Ruling is received:

- The Declaratory Ruling request is made available for public inspection within 48 hours after its receipt.
- An interested party may submit written comments regarding the request within 10 business days after the request is made available to the public.
- The Secretary of State makes a proposed response to the Declaratory Ruling available for public inspection within 45 business days after the request is received.



- An interested person may submit written comments on the proposed response to the Secretary of State within 5 business days after the date the proposed response is made available to the public.
- The Secretary of State shall issue a Declaratory Ruling within 60 business days after the request for the ruling is received.
- If the Secretary of State refuses to issue a Declaratory Ruling, the Secretary of State shall notify the person making the request of the reasons for the refusal.
- The Secretary of State may issue an Interpretive Statement providing an informational response to the question presented.

Under extenuating circumstances, the Department of State may extend the above timetable for 30 business days. A person who requests a Declaratory Ruling has the authority to waive the timetable.

Mail all requests for Declaratory Rulings and Interpretive Statements to:

Michigan Department of State  
Bureau of Legal Services, Compliance and Rules Division  
Mutual Building - 3rd Floor  
208 N. Capitol Ave.  
Lansing, Michigan 48918-2170      (517) 373-8252

## COMPLAINT PROCESS

If you believe that someone's activity is in violation of the Michigan Campaign Finance Act you may file a written complaint. A complaint must include the following information:

- The name, address and telephone number of the person making the complaint.
- The alleged violator's name and address.
- A description given in reasonable detail of the alleged violation.
- Evidence of the violation.
- The following verification statement worded exactly as follows:

AI certify that the statements set forth above are true to the best of my knowledge and belief."

The verification statement must be placed after the items listed above.

- The signature of the person making the complaint. The signature must appear after the verification statement.

If you wish to have your complaint accepted and investigated, you must include all of the above information. The Department may dismiss a complaint if any of the above information is not included or if the complaint is determined to be frivolous, illegible or indefinite. You will be informed if your complaint is accepted or dismissed.

Complaints should be sent to the following address: Michigan Department of State, Bureau of Legal Services, Compliance and Rules Division, Mutual Building 3rd Floor, 208 North Capitol Avenue, Lansing, Michigan 48918-2170.

If the complaint is accepted, the alleged violator will be notified of the filing of the complaint; the specifics of the allegation; the provisions of the General Rules relative to the complaint and the investigation; and the complainant's name.

The Department may then conduct a preliminary review of the allegations. If the Department finds no reason to believe that the allegations are true, the complaint will be dismissed. Both the complainant and the alleged violator will be notified of the dismissal.

If after a preliminary review the Department administratively finds that there may be reason to believe that the allegations are true, the Department must attempt to correct or prevent further violation by informal methods of conference, conciliation, and persuasion, and may enter into a conciliation agreement with the person involved.

If the Department is unable to correct or prevent further violation by these informal methods, an Administrative Hearing may be held to determine if a civil violation of the Act has occurred, or the matter may be referred to the Attorney General for criminal enforcement. An administrative hearing could result in the assessment of a civil penalty. Such a hearing will be conducted in accordance with the Michigan Administrative Procedures Act. An order issued as a result of such a hearing may be appealed to the proper circuit court.

## **DISSOLVING A COMMITTEE**

The Act specifies when and under what conditions an Independent or Political Committee may be dissolved. As a dissolved committee has no further filing obligations under the Act, the dissolution of the committee is the final compliance step.

- To be eligible for dissolution, a committee must have no assets or outstanding debts. An unpaid late filing fee is considered to be a committee debt.
- If the committee has a Reporting Waiver, it is dissolved by filing a single page Dissolution Campaign Statement form. The form is available from any filing official.
- If the committee does not have a Reporting Waiver, it is dissolved by filing a final Campaign Statement with supporting schedules. A detailed Dissolution Campaign Statement can be combined with any other Campaign Statement required of the committee as long as the committee dissolves on or before the closing date of the Campaign Statement. A Dissolution Campaign Statement must open on the day after the closing date of the last Campaign Statement filed by the committee and close on the effective date of the committee's dissolution.

## REFERENCE TELEPHONE NUMBERS FOR COMMITTEES

### Tax Questions

#### **Federal:**

For information on the following questions:

- Federal Withholding on Campaign Workers
- Independent Contractor Rules
- Federal filing and deposit requirements for payroll tax returns

To request assistance with preparation of a form: call **1-800- 829-1040**

To receive the following forms, call **1-800-829-3676** or visit the closest Internal Revenue Service Office.

Forms may be downloaded from the Internal Revenue Service website at  
**[http://www.irs.ustreas.gov/prod/forms\\_pubs/index.html](http://www.irs.ustreas.gov/prod/forms_pubs/index.html)**

The forms may also be obtained by writing to the following address:

IRS ENTITY CONTROL  
CINCINNATI OH 45999

- Form 1120 POL - U.S. Income Tax Return for Certain Political Organizations
- Form 941 - Employer=s Quarterly Federal Tax Return
- Form 940 - Employer=s Annual Federal Unemployment Tax Return
- Form W-2 - Wage and Tax Statement
- Form SS4 - Request for a **Federal Employer Tax ID#**

After receiving and completely filling out Form SS4, call 1-606-292-5467 to receive information on the process for receiving the Federal Employer Tax ID number.

#### **State of Michigan:**

Michigan Department of Treasury **(517) 373-3190** Questions regarding registration, filing, and deposit requirements for State of Michigan Income Tax Withholding for Campaign Workers

- **1-800-367-6263** This number is only for state forms
- Form C-5603a - Concessionaire return (for one-time fund raising event) for remitting sales tax
- Forms 3200 or 3204 - Sales, Use & Withholding Tax

## Other Questions

- Michigan Department of Consumer and Industry Services (517) 241-6470. To determine if a potential contributor is registered as a corporation in Michigan. (Corporations are not permitted to contribute to Candidate Committees, Political Committees, Independent Committees or Political Party Committees.) The records of the Corporation Division of the Bureau of Commercial Services are open to the public. The records include the organization documents for limited partnerships, limited liability companies and corporations. Information can be obtained by visiting the office at 6546 Mercantile Way in Lansing, Michigan; calling 517-241-6470; by writing the Bureau at P.O. Box 30054, Lansing, Michigan 48909-7554 or by faxing your request to 517-334-8329. The information includes the name of the entity, date of formation, whether it has been dissolved, current resident agent and registered office, date of last annual report filed. Copies of documents are available, as well as certificates verifying the existence of the entity. The records do not include business performance or reliability; phone numbers; value of stock; or the owner's name.
- Michigan Bureau of State Lottery (517)335-5780. To secure a license or to determine if one is required for raffles, etc. for fund raising purposes.
- Liquor Control Commission, Michigan Department of Consumer and Industry Services **(517)322-1400**. To secure liquor license and /or information for fund raisers, receptions, events, etc. where alcohol may be served or sold. For information on posting campaign signs on buildings where alcohol is served or sold.
- Bureau of Elections, Michigan Department of State **(517) 373-2540**. Questions regarding Campaign Finance, Elections, Voter Registration, Lobbyists and Lobbyist Agents, Casino Interest Registration.